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Resources Agency Official Unveils Energy Plan, Addresses Summer Electricity Demand

Sacramento – Appearing before the Senate Energy, Utilities and Communications Committee today, Resources Agency Deputy Secretary for Energy Joe Desmond outlined the state's 10-point energy plan and addressed the summer's electricity demand.

“We must ensure that California has adequate supplies of electricity,” Desmond said. “Through increased voluntary conservation efforts, the implementation of new energy demand reduction programs, acceleration of power plant construction already underway and other programs we can meet electricity demand this summer.”

The plan is designed to ensure an adequate, stable supply of electricity at reasonable prices. It encourages the use of emerging technologies to preserve and protect California's environment and to promote economic growth.

The 10-point plan emphasizes:

Adequate Resources – Minimum 15 percent reserve margins for all suppliers by 2006;

Competitive Wholesale Procurement - Transparent process ensures the best value to ratepayers, ensures cost recovery for utilities, and encourages long-term contracts;

Transmission - Encourage investment to reduce congestion, increase grid reliability and establish new transmission corridors;

Rate Relief - Reduce rates for all customers from Federal Energy Regulatory Commission refunds and the Department of Water Resources contract renegotiations, implement equitable rate designs;

Natural Gas - Increase in-state gas storage, production and natural gas import capability to ensure adequate supply and stable prices;

Renewable Energy - Accelerate renewable mix of 20 percent by 2010, implement the Million Solar Roofs Initiative; develop policies consistent with the Western Governor's Association Clean and Diversified Energy Resolution of 30,000 megawatts (one megawatt can provide power to 1,000 homes) by 2015;

Energy Efficiency – Promote energy efficiency through various programs including the state's Green Buildings Initiative;

Dynamic Pricing and Advanced Metering - Encourage technology, rate designs and consumer behavior to reduce power usage during peak hours. Deploy advanced interval meters to all customers;

Core and Non-core- Allow large customers to choose their electricity supplier;

Research and Development - Invest in emerging technologies that improve the efficiency, effectiveness and environmental impact of energy supplies and infrastructure.

To address the summer's potential shortfall, the Schwarzenegger Administration is working closely with the California Public Utilities Commission (PUC), the California Energy Commission (CEC) and the California Independent System Operator (CAISO) to bring additional resources on-line.

The Administration has forged agreements with Metropolitan Water District (MWD) to reduce water pumping during peak periods. According to the MWD, this can save 110 MW or enough energy to power 110,000 homes. Additionally, key transmission bottlenecks have been resolved to bring an additional 750 MW of power to the state. The Administration has identified up to 300 MW of surplus power from the Los Angeles Department of Water and Power.

Through agreements with Southern California Edison and the PUC needed power generation resources have been established so that mothballed plants will be upgraded and become operational by this summer. State agencies, private businesses and the PUC will work together to maximize demand response programs such as Flex Your Power. Demand response programs provide financial incentives to companies or individuals who can curtail their power use during peak periods.

“The Governor began addressing the state’s electricity supply challenge last year by issuing executive orders that emphasized the need to increase energy efficiency and reduce electricity demand,” Desmond said. “This 10-point plan shows the governor’s leadership, forward thinking and vision on energy policy.”

According to an analysis prepared by the California Energy Commission in conjunction with the California Public Utilities Commission and California’s Independent System Operator, electricity supplies are expected to be stable under normal summer temperatures. However, the analysis also indicates that if the state experiences an unusually hot summer, or other adverse conditions, Southern California will need additional resources to maintain its operating reserves.

By comparison, Northern California will have abundant electricity supplies, even with hotter than normal temperatures. Unfortunately, Southern California cannot benefit from this surplus due to constraints in the transmission line system.

“We recognize that in addition to reducing electricity use, the state must look for ways to increase supplies,” Desmond said. He added, “This can be accomplished by postponing the retirement of key power plants, upgrading transmission lines and working with the various entities to bring on new generation.”

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